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SUBJECT: YEMEN: STRATEGIC DIALOGUE PAVES THE WAY FOR FM'S  
WASHINGTON VISIT

Classified By: Ambassador Stephen Seche for reasons 1.4(b) and (d).

11. (S/NF) SUMMARY. In anticipation of Foreign Minister Abubakir al-Qirbi's January 20 meeting in Washington with Secretary Clinton, post conducted a strategic dialogue with the ROYG covering key aspects of the bilateral relationship, including counter-terrorism and military cooperation, political reforms and economic assistance, and Embassy operations. While few outstanding issues were resolved during the process, which included representatives from a number of ROYG ministries and agencies, the very fact that a candid and generally positive dialogue took place represents a significant step forward. Notable challenges identified include the U.S. position on Yemen's internal political crises such as the Sa'ada War, and ongoing obstacles to the operations of Embassy Sana'a, particularly those related to restrictions imposed on diplomatic pouches. In general, the dialogue provided an important opportunity to address the bilateral relationship in a holistic fashion and gain a better understanding of the issues each country expects to figure into the agenda for the Minister's visit. (Scenesetter to follow septel) END SUMMARY.

COUNTER-TERRORISM EFFORTS

12. (S/NF) Counter-terrorism (CT) cooperation is one of the most important areas of the bilateral relationship, but significant weaknesses persist. Overall CT cooperation could be strengthened by greater communication among Yemen's diverse security services and military units. Discussions, which included representatives from RSO, LEGATT and a Special Operations Command forward element (SOC FWD), and ROYG counterparts in the Ministry of Interior (MOI) and the National Security Bureau (NSB), focused on coordination among Yemen's various CT players on issues such as the creation of a national CT strategy and the establishment of a National Counter-Terrorism Training Center. EmbOffs emphasized the necessity of delineating responsibilities among the security services, which prompted the idea of creating a subcommittee of the Supreme Security Committee focused on ensuring a unified and coordinated fight against al-Qaeda in the Arabian Peninsula (AQAP) and overseeing distribution of CT resources provided to the ROYG. The two sides also agreed to establish a standing bilateral working group. The Ambassador noted that a prerequisite for the continued provision of CT training and materiel will be its use against AQAP, rather than other domestic insurgencies such as the Houthi rebels or the secessionist Southern Movement.

MILITARY COOPERATION

13. (S/NF) Historically, military cooperation has been another strong aspect of the U.S.-Yemeni partnership, and has grown stronger with the arrival of SOC FWD elements in early 122009. The strategic talks between representatives from OMC and SOC FWD and the Ministry of Defense (MOD) produced several suggested areas for future cooperation: 1) joint exercises, 2) provision of additional equipment, 3) increasing the number of liaison officers with U.S. units, 4) increasing the number of Yemeni officers in exchange programs in the U.S., and 5) the release of purchased military equipment still in the U.S. It was noted that English language training will be a key requirement for increasing officer exchanges. MOD also said it would provide a list of

requirements for fighting AQAP to post's OMC. One controversial topic raised was U.S. support for Yemen's right to purchase arms from "any country not blacklisted." (Note: The ROYG has repeatedly asked for our assistance in convincing Eastern European countries such as the Czech Republic to sell heavy artillery and ammunition to Yemen. Post has demurred on providing a response to date pending instructions from Washington. End Note.)

#### POLITICAL CHALLENGES

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14. (S/NF) One of the most challenging aspects of the bilateral relationship is disagreement over how the ROYG can resolve Yemen's ongoing political crises, most notably the dysfunctional democratic process, the Sa'ada War and increasing discontent in the southern governorates. As the DCM said at the December 30 kick-off session for the strategic dialogue, the bilateral political relationship is "weak in all areas," a situation that remained unchanged at the end of the talks on January 11. PolOff met with representatives from the Ministry of Foreign Affairs (MFA) and the Office of the Presidency in a series of sessions focused on how the U.S. could use its international and financial influence to positively impact Yemen's multiple crises. Wary of what they perceived as USG interference in internal Yemeni affairs, ROYG officials were extremely reluctant to embrace any direct U.S. involvement, instead suggesting that the U.S. could adopt softer methods, including: encouraging the opposition Joint Meeting Parties (JMP) to participate in political dialogue with the ruling General People's Congress (GPC), providing development assistance to aid in the reconstruction of Sa'ada governorate and address southern grievances, using the media to send messages of support for Yemen's unity and stability, issuing press statements encouraging the ROYG to hold the April 2011 parliamentary elections on schedule, and supporting institutions like the National Democratic Institute (NDI).

#### ECONOMIC AND DEVELOPMENT ASSISTANCE

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15. (S/NF) Productive talks between EconOff and USAID Mission Director and ROYG counterparts led by the Ministry of Finance (MOF) focused on the U.S. commitment to providing substantial economic and development assistance and support for structural economic reforms. In order to do so, emphasized the Ambassador, both the U.S. and other donors need to know what steps the ROYG plans to take to make the environment more receptive to the implementation of international development initiatives. An improved security environment, a drastic reduction in corruption, and greater absorptive capacity are all required in order for donors to commit substantial resources to Yemen's reform and development needs. In addition, said the Ambassador, the ROYG needs to identify clearly the reform path to which it is committed. Meanwhile, of prime importance to the ROYG is U.S. support for increasing Yemen's access to GCC labor markets and Yemen's accession to the WTO, two issues the ROYG perceives as vital to the country's economic recovery. The two sides also affirmed the necessity of working together to implement USAID's new three-year stabilization strategy in order to improve the ROYG's service delivery to rural areas.

16. (S/NF) At the January 11 wrap-up session, Vice Minister for Planning and International Cooperation Hisham Sharaf raised two new ideas with the DCM that had not been discussed at all in the working group: balance of payment support and debt relief. He came to the meeting without any supporting figures and was therefore unable to discuss either proposal in even minimal detail.

#### EMBASSY OPERATIONS

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17. (S/NF) Logistical impediments to Embassy operations are perhaps the weakest aspect of the current bilateral relationship. The strategic talks, which brought post's management officer together with the MFA's Protocol Department and the Office of the Presidency, focused on three troublesome issues: purchase of new land for embassy housing, issuance of additional non-diplomatic (blue) license plates and a significant increase in the number of diplomatic pouches allowed (currently set at 10 pouches per week). The ROYG extended the current land purchase offer for an

additional six months and provided assurances that it will resolve the conflicting ownership claims that have prevented the deal from reaching closure. EmbOff resubmitted required information to secure 25 additional non-diplomatic license plates, which MFA promised would be issued in the near future after securing MOI and NSB approval. The ROYG has not yet responded to post's request to allow unlimited diplomatic pouches into the country, but indicated it was likely to come back with a counter-offer of a specified number. (Note: We've been hearing such assurances on all three of these topics, as well as on many other logistical issues, for years now with no concrete results. End Note.)

COMMENT

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18. (S/NF) The recent strategic dialogue represented a sincere, and to a great extent, unprecedented effort on behalf of the ROYG to address a variety of issues in the bilateral relationship. Existing areas of weakness ) such as political and logistical cooperation ) remain problematic, while traditionally strong areas of partnership ) CT and military cooperation ) were advanced by the dialogue. Overall, however, the effort provided a useful and timely opportunity to assess the state of the bilateral relationship in advance of the upcoming conversation between FM Qirbi and Secretary Clinton. END COMMENT.

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